

Official Remarks

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Commissioner Bryan Rhode offered the closing address at the December 2012 joint meeting of the Virginia Beer Wholesalers and Virginia Wine Wholesalers Associations. Following are his remarks.

Good afternoon folks, I want to start by thanking all of you for taking the time away from your busy schedules to attend today. I hope you've enjoyed the Seminar and found it as informative as I have. I'd also like to thank Denny Galligher and Chuck Duvall for organizing this session, and of course a special thanks to Roger Stevens and his compliance agents for all their hard work, both here today and also every day in the field working with you all.

For those that don't know me, I'm Bryan Rhode, the newest addition to the ABC Board. Since joining the Board in April, I have had the chance to meet a number of you and to visit a few distributorships and wineries. In the coming months, I hope to have the opportunity to meet all of you. As an ABC Commissioner, I want to know about your business. I want to understand the challenges you face, the concerns you have, and your thoughts on how we at ABC can work better with our industry partners.

As you all know from many years (and in some cases generations) in this business, and as we were reminded by the sessions today, the industry we inhabit -- the alcohol industry -- is a complicated one. We have a complex regulatory structure, a three-tier system with a variety of stakeholders, and at the heart of the industry, a product which carries with it a level of public responsibility not seen in many other sectors of the private economy.

In order to provide for the public welfare in the production, distribution and consumption of alcohol, it's important for ABC, and for the stakeholders in our industry, to strike the right balance between many competing interests. That is what I want to focus on today. I want to discuss our individual and shared responsibilities in achieving balance in our industry.

From the perspective of ABC, our most important function is to protect the public safety. That is and will always be our primary function. However, we have an obligation to do it in a way that makes it as easy as possible for responsible business owners to thrive, prosper and create jobs. We want you to succeed. Our commonwealth and our fellow citizens are benefited from your business success. The current ABC Board believes we can balance those interests. We believe we can protect the public safety and work with you to build strong and successful companies. Public safety and a pro-business attitude are not mutually exclusive - they simply require the right balance.

In that vein, there are a few things that ABC should be doing for you as important stakeholders in our industry. In order to ensure we are doing our part to maintain balance, there are a couple of things we should be doing as an Agency.

First, we should be examining our regulations closely and often. The business environment changes rapidly and, as a regulatory agency, we need to ensure our regulations are not an impediment to responsible innovation in the industry. In that vein, our agency has undertaken a complete regulatory review. We have listened to your input, as well as the input of our other stakeholders, and we hope to have a final product approved and in place before next summer. Our goal in this regulatory revision has been to modernize, streamline and improve all aspects of our regulations. We are trying to strike the right balance between public safety, revenue collection and promoting business. Maintaining current, sensible, and regularly reviewed regulations is one of our most important responsibilities as an agency. As stakeholders, you should not feel constrained from reminding the agency and future Boards of that responsibility.

Second, we as an agency should know why we have the regulations that we have. It's important to know why a regulation is in place, because that is the only way one can understand the intent of the regulation. Knowing the intent of a rule or regulation is important, because ultimately, that is what we strive to enforce. As an agency, we do not want to be in the business of mindlessly enforcing the letter of the law without thought or reason. We are interested in balance, and in order to achieve that balance, we need to understand our own rules and the overall effect they are intended to achieve. As a stakeholder, that is something you should never be shy from demanding of us. We have an obligation as a regulator to be able to explain to you why we do the things we do. And knowing the answer to those questions makes us better as an agency. It helps us strike the right balance.

Third, ABC should be responsive and service oriented in all aspects of our mission, not just in our stores. Every one of us working at the agency is in "public service." That's correct. We are a service oriented agency even in our regulatory function. As we discussed earlier, the business world moves quickly. You all have to adapt and make decisions in a real-time, evolving environment. You deserve a regulator that can meet your needs and answer your questions in a timely fashion. For us to do otherwise would be a hindrance to responsible business and would counterbalance our desire to see you succeed. As a result, we have put a great deal of focus on our Compliance Section. It is composed of some of our best agents, and we have just expanded their number by two. We have also tried to emphasize with them how critical their role is and how much we appreciate the unbelievably hard work they do.

Those are three specific and important things ABC should be doing to help maintain an appropriate balance of interests in our industry. But as I mentioned before, maintaining the right balance is not just limited to ABC. Our stakeholders, our industry partners have obligations as well.

First, as I alluded to before, it is important for everyone to recognize that our industry is not like other industries. We deal with a product that generates significant public safety concerns. Because of that, we all need to work together to maintain a balance between profit and public welfare and between business interest and the public interest. We have avoided the type of condemnation other similar industries have endured because we have always taken our responsibilities seriously and have strove to maintain an appropriate balance. Even with changing social mores and evolving views of alcohol, we must always recognize we deal with a unique product that carries with it unique responsibilities.

Second, it is critical that all the players in our industry make every effort to follow the rules, even when you know you won't get caught. Especially when you know you won't get caught. The danger of rule breaking isn't only in the damage a specific violation can cause, it's the example it sets. Going to my first point, it demonstrates to the public that we are not a responsible industry. It also creates an incentive for other members of the industry to do the same. It drives a mentality of, "If they can get away with it, maybe I can." Or, worse, "They're getting a competitive advantage from cutting corners, so I have to cheat to keep up." The rules of the road are there for everyone, and everyone following them is essential to striking the right balance in the industry. ABC can't be everywhere at once. We have to recognize as an industry that when rule breaking occurs, we all suffer.

Third, come to the table in good faith. ABC rules and regulations are there to keep a balance in our industry. If we maintain the right balance, we can all prosper and at least get most of what we want. No part of the laws or regulations in our industry is designed to favor one group at the expense of another. And we ask that no group attempt to use the law or regulations to try to favor themselves at the expense of others. The danger here is that the victimized party turns around and does the same back to them the next time. This takes our industry from balanced and beneficial competition, to warring factions. No one wants that. Pursue your interests, compete, but recognize we prosper more if we come to the table in good faith.

Good luck in your business endeavors, Chairman Insley, Commissioner Canada and I wish you all great success. If there is anything ABC can do to help you, please don't hesitate to ask us. We are public servants, and we are here for you.